VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE RESOURCES ENERGY COMPANY, a West Virginia Corporation

Gas" or "Gas")

VIRGINIA GAS AND OIL BOARD

RELIEF SOUGHT:

POOLING OF INTERESTS IN A DRILLING UNIT LOCATED IN THE NORA COAL BED GAS FIELD DESCRIBED IN EXHIBIT A HERETO AND SERVED BY WELL NO. VC-3673 (herein "Subject Drilling Unit") PURSUANT TO VA. CODE ANN. §§ 45.1-361.21 AND 45.1-361.22, FOR THE PRODUCTION OF OCCLUDED NATURAL GAS PRODUCED FROM COALBEDS AND ROCK STRATA ASSOCIATED THEREWITH (herein "Coalbed Methane")

DOCKET NO. 97-0715-0595

LEGAL DESCRIPTION:

SUBJECT DRILLING UNIT SERVED BY WELL NUMBERED VC-3673 (herein "Well") TO BE DRILLED IN THE LOCATION DEPICTED ON EXHIBIT A HERETO, BARTEMUS BREEDING HEIRS FEE TRACT, VANSANT QUADRANGLE, HURRICANE MAGISTERIAL DISTRICT, BUCHANAN COUNTY, VIRGINIA (the "Subject Lands" are more particularly described on Exhibit "A", attached hereto and made a part hereof)

REPORT OF THE BOARD

FINDINGS AND ORDER

- 1. Hearing Date and Place: This matter was scheduled to come on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on July 15, 1997; however, due to the lack of quorum of the Board, this matter was continued and heard by the Board on August 19, 1997, Dickenson Conference Center, Southwest Virginia Education 4-H Center, Abingdon, Virginia.
- 2. <u>Appearances</u>: James E. Kaiser of Wilhoit & Kaiser, appeared for the Applicant; and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.
- 3. <u>Jurisdiction and Notice</u>: Pursuant to Va. Code Ann. §§ 45.1-361.1 et seq., the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of

reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner and/or potential owner, i.e., person identified by Applicant as having ("Owner") or claiming ("Claimant") the rights to Coalbed Methane Gas in all Pennsylvanian-aged coals from the top of the Raven, including all splits, to the top of the green and red shales, including, but not limited to Raven, Jawbone, Upper Horsepen, Middle Horsepen, War Creek, Beckley, Lower Horsepen, Pocahontas No. 8, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 1, and any other unnamed coal seams, coalbeds and rock strata associated therewith known as the Nora Coalbed Gas Field (hereafter "Subject Formations") in the Subject Drilling Unit underlying and comprised of Subject Lands; (2) has given notice to those parties so identified (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code Ann. §§ 45.1-361.19 and 45.1-361.22, to notice of the application filed herein; and (3) that the persons set forth in Exhibit B hereto have been identified by Applicant as persons who may be Owners or Claimants of Coalbed Methane Gas interests in Subject Formations in the Subject Drilling Unit, underlying and comprised of Subject Lands. Further, the Board has caused notice of this hearing to be published as required by Va. Code Ann. § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

- 4. Amendments: Exhibit B.
- 5. <u>Dismissals</u>: None.
- 6. Relief Requested: Applicant requests that pursuant to Va. Code Ann. § 45.1-361.22, including the applicable portions of § 45.1-361.21, the Board pool the rights, interests and estates in and to the Gas in the Subject Drilling Unit, including those of the Applicant and those of the known and unknown persons named in Exhibit B hereto and that of their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, for the drilling and operation, including production, of Coalbed Methane Gas produced from the Subject Drilling Unit established for the Subject Formations underlying and comprised of the Subject Lands, (hereafter sometimes collectively identified and referred to as "well development and/or operation in the Subject Drilling Unit"); and, (3) that the Board designate Equitable Resources Energy Company as the Unit Operator.
- 7. Relief Granted: The requested relief in this cause be and hereby is granted and: (1) pursuant to Va. Code Ann. § 45.1-361.21.C.3, Equitable Resources Energy Company (hereafter "Unit Operator" or "Operator") is designated as the Operator authorized to drill and operate the Well in Subject Drilling Unit, subject to the permit provisions contained in Va. Code Ann. §§ 45.1-361.27, et seq.,; to §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; to §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations; and to the Oil and Gas Conservation Board's Order entered March 20, 1989, establishing Drilling Units for the Nora Coal Bed Gas Field; all as amended from time to time, including, but not limited to the Board's most recent amendment of the Nora Coalbed Gas Field Rules as contained in its Provisional Order in VGOB Docket No. 93-0316-0348-02; and (2) all the interests and estates in and to the Gas in Subject Drilling Unit, including those of the Applicant and those

of the known and unknown persons listed on Exhibit B, attached hereto and made a part hereof, and their known and unknown heirs, executors, administrators, devisees, trustees, assigns and successors, both immediate and remote, leased or unleased, be and hereby are pooled in the Subject Formations in the Subject Drilling Unit underlying and comprised of the Subject Lands.

Subject Formation	Unit Size	Permitted Well Location	Field and Well Classification	Order Number
	Approximately 58.77 acres.			
with known as the Nora Coal Gas Field.				

For the Subject Drilling Unit underlying and comprised of the Subject Land Served by Well No. VC-3673

Buchanan County, Virginia

8. <u>Election and Election Period</u>: In the event any Gas Owner or Claimant named in Exhibit B has not reached a voluntary agreement to share in the operation of the well to be located in Subject Drilling Unit at a rate of

payment mutually agreed to by said Gas Owner or Claimant and the Unit Operator, then such person may elect one of the options set forth in Paragraph 9 below and must give written notice of his election of the option selected under Paragraph 9 herein to the Unit Operator at the address shown below within thirty (30) days from the date this Order is recorded in the county above named. A timely election shall be deemed to have been made if, on or before the last day of said 30-day period, such electing person has delivered his written election to the Unit Operator at the address shown below or has duly postmarked and placed his written election in first class United States mail, postage prepaid, addressed to the Unit Operator at the address shown below.

9. <u>Election Options</u>:

Option 1 - To Participate In The Development and Operation of the Drilling Unit: Any Gas Owner or Claimant named in Exhibit B who has not reached a voluntary agreement with the Unit Operator may elect to participate in the development and operation of the Subject Drilling Unit (hereafter "Participating Operator") by agreeing to pay the estimate of such Participating Operator's proportionate part of the actual and reasonable costs, including a reasonable supervision fee, of the well development and operation in the Subject Drilling Unit, as more particularly set forth in Virginia Gas and Oil Board Regulation 4 VAC 25-160-100 (herein "Completed for Production Costs"). Further, a Participating Operator agrees to pay the estimate of such Participating Operator's proportionate part of the Estimated, Completed-for-Production Costs as set forth below to the Unit Operator within forty-five (45) days from the later of the date of mailing or the date of recording of this Order. The estimated Completed-for-Production Costs for the Subject Drilling Unit are as follows:

Estimated, Completed-for-Production Costs (Multiple Completion):

\$174,500.00

A Participating Operator's proportionate cost hereunder shall be the result obtained by multiplying the Participating Operator's Interest within Subject Drilling Unit as set forth in the third column Exhibit B times the Completed-for-Production Costs set forth above. Provided, however, that in the event a Participating Operator elects to participate and fails or refuses to pay the estimate of his proportionate part of the Estimated, Completed-for-Production Costs as set forth above, all within the time set forth herein and in the manner prescribed in Paragraph 8 of this Order, then such Participating Operator shall be deemed to have elected not to participate and to have elected compensation in lieu of participation pursuant to Paragraph 9.2 herein.

9.2 Option 2 - To Receive A Cash Bonus Consideration: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above, any Gas Owner or Claimant named in Exhibit B hereto who has not reached a voluntary agreement with

the Unit Operator may elect to accept a cash bonus consideration of \$5.00 per net mineral acre owned by such person, commencing upon entry of this Order and continuing annually until commencement of production from Subject Drilling Unit, thereafter a royalty of 1/8th of 8/8ths [twelve and one-half percent (12.5%)] of the net proceeds received by the Unit Operator for the sale of the Gas produced from any well development covered by this Order multiplied by that person's Interest Within Unit as set forth in the third column of Exhibit B (for purposes of this Order, net proceeds shall be actual proceeds received less postproduction costs incurred downstream of the wellhead, including, gathering, limited to, compression, transportation and marketing costs, whether performed by Unit Operator or a third person) as fair, reasonable and equitable compensation to be paid to said Gas Owner or Claimant. initial cash bonus shall become due and owing when so elected and shall be tendered, paid or escrowed within one hundred twenty (120) days of recording of this Order. Thereafter, annual cash bonuses, if any, shall become due and owing on each anniversary of the date of recording of this order in the event production from Subject Drilling Unit has not theretofore commenced, and once due, shall be tendered, paid or escrowed within thirty (30) days of said anniversary date. Once the initial cash bonus and the annual cash bonuses, if any, are so paid or escrowed, said payment(s) shall be satisfaction in full for the right, interests, and claims of such electing person in and to the Gas produced from Subject Formation in the Subject Lands, except, however, for the 1/8th royalties due hereunder.

Subject to a final legal determination of ownership, the election made under this Paragraph 9.2, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to and hereby does lease and assign its right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator.

Option 3 - To Share In The Development And Operation As A Non-Participating Person On A Carried Basis And To Receive Consideration In Lieu Of Cash: In lieu of participating in the development and operation of Subject Drilling Unit under Paragraph 9.1 above and in lieu of receiving a cash bonus consideration under Paragraph 9.2 above, any Gas Owner or Claimant named in Exhibit B who has not reached a voluntary agreement with the Unit Operator may elect to share in the development and operation of Subject Drilling Unit on a carried basis (as a "Carried Well Operator") so that the proportionate part of the Completed-for-Production Costs hereby allocable to such Carried Well Operator's interest is charged against such Carried Well Operator's share of production from Subject Drilling Unit. Such Carried Well Operator's rights, interests, and claims in and to the Gas in Subject Drilling Unit shall be deemed and hereby are assigned to

the Unit Operator until the proceeds from the sale of such Carried Well Operator's share of production from Subject Drilling Unit (exclusive of any royalty, excess or overriding royalty, or other non-operating or non cost-bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest) equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest (whichever is applicable) of such Carried Well Operator's share of the Completed-for-Production Costs allocable to the interest of such Carried Well Operator. When the Unit Operator recoups and recovers from such Carried Well Operator's assigned interest the amounts provided for above, then, the assigned interest of such Carried Well Operator shall automatically revert back to such Carried Well Operator, and from and after such reversion, such Carried Well Operator shall be treated as if it had participated initially under Paragraph 9.1 above; and thereafter, such participating person shall be charged with and shall pay his proportionate part of all further costs of such well development.

The election made under this Paragraph 9.3, when so made, shall be satisfaction in full for the right, interests, and claims of such electing person in any well development and operation covered hereby and such electing person shall be deemed to have and hereby does assign his right, interests, and claims in and to the Gas produced from Subject Formation in the Subject Drilling Unit to the Unit Operator for the period of time during which his interest is carried as above provided prior to its reversion back to such electing person.

- 10. Failure to Properly Elect: In the event any Gas Owner or Claimant named in Exhibit B hereto has not reached a voluntary agreement with the Unit Operator and fails to elect within the time, in the manner, and in accordance with the terms of this Order one of the alternatives set forth in Paragraph 9 above for which his interest qualifies, then such person shall be deemed to have elected not to participate in the proposed development and operation of Subject Drilling Unit and shall be deemed, subject to any final legal determination of ownership, to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which its interest qualifies, and shall be deemed to have leased and/or assigned his right, interests, and claims in and to said Gas produced from Subject Formation in Subject Drilling Unit to the Unit Operator. Persons who fail to properly elect shall be deemed to have accepted the compensation and terms set forth herein at Paragraph 9.2 in satisfaction in full for the right, interests, and claims of such person in and to the Gas produced from Subject Formation underlying Subject Lands.
- 11. <u>Default By Participating Person</u>: In the event a person named in Exhibit B elects to participate under Paragraph 9.1, but fails or refuses to pay, to secure the payment or to make an arrangement with the Unit Operator for the payment of such person's proportionate part of the Estimated, Completed-for-Production costs as set forth herein, all within the time and in the manner as prescribed in this Order, then such person shall be deemed to

have withdrawn his election to participate and shall be deemed to have elected to accept as satisfaction in full for such person's right, interests, and claims in and to the Gas the consideration provided in Paragraph 9.2 above for which his interest qualifies depending on the excess burdens attached to such interest. Whereupon, any cash bonus consideration due as a result of such deemed election shall be tendered, paid or escrowed by Unit Operator within sixty (60) days after the last day on which such defaulting person under this Order should have paid his proportionate part of such cost or should have made satisfactory arrangements for the payment thereof. When such cash bonus consideration is paid or escrowed, it shall be satisfaction in full for the right, interests, and claims of such person in and to the Gas underlying Subject Drilling Unit in the Subject Lands covered hereby, except, however, for any 1/8th royalties which would become due pursuant to Paragraph 9.2 hereof.

- 12. Assignment of Interest: In the event a person named in Exhibit B is unable to reach a voluntary agreement to share in the operation of the well contemplated by this Order at a rate of payment agreed to mutually by said Gas Owner or Claimant and the Unit Operator, and said person elects or fails to elect to do other than participate under Paragraph 9.1 above in the development and operation of the well in Subject Drilling Unit, then such person shall be deemed to have and shall have assigned unto Unit Operator such person's right, interests, and claims in and to said well, in Subject Formations in Subject Drilling Unit, and other share in and to Gas production to which such person may be entitled by reason of any election or deemed election hereunder in accordance with the provisions of this Order governing said elections.
- 13. Unit Operator (or Operator): Equitable Resources Energy Company be and hereby is designated as Unit Operator authorized to drill and operate Well No. VC-3621 in Subject Formations in Subject Drilling Unit, all subject to the permit provisions contained in Va. Code Ann. §§ 45.1-361.27 et seq.; §§ 4 VAC 25-150 et seq., Gas and Oil Regulations; §§ 4 VAC 25-160 et seq., Virginia Gas and Oil Board Regulations; and the Virginia Oil and Gas Conservation Board Order entered March 20, 1989, establishing drilling units for the Nora Coal Bed Gas Field; all as amended from time to time, and all elections required by this Order shall be communicated to Unit Operator in writing at the address shown below:

Equitable Resources Energy Company
Eastern Region
P. O. Box 1983
1989 East Stone Drive
Kingsport, TN 37662-1983
Phone: (423) 224-3800
Fax: (423) 224-3891
Attn: Dennis R. Baker, Regulatory

14. Commencement of Operations: Unit Operator shall commence or cause to commence operations for the drilling of any well covered hereby within three hundred and sixty-five (365) days from the date of this Order and shall prosecute the same with due diligence. If Unit Operator shall not have so commenced and/or prosecuted, then this Order shall terminate, except for any

cash sums becoming payable hereunder; otherwise, unless sooner terminated by Order of the Board, this Order shall expire at 12:00 P.M. on the date on which any well covered by this Order is permanently abandoned and plugged. However, in the event an appeal is taken from this Order, then the time between the filing of the Petition for Appeal and the final Order of the Circuit Court shall be excluded in calculating the one year period referenced herein.

15. Operator's Lien: Unit Operator, in addition to the other rights afforded hereunder, shall have a lien and a right of set off on the Gas estates, rights, and interests owned by any person subject hereto who elects to participate under Paragraph 9.1 in the Subject Drilling Unit to the extent that costs incurred in the drilling or operation on the Subject Drilling Unit are a charge against such person's interest. Such liens and right of set off shall be separable as to each separate person and shall remain liens until the Unit Operator drilling or operating any well covered hereby has been paid the full amounts due under the terms of this Order.

16. Escrow Provisions:

16.1 Escrow Account: By this Order, the Board instructs the Escrow Agent named herein or any successor named by the Board to establish an interest-bearing escrow account, (herein "the Escrow Account") to receive and account to the Board pursuant to its agreement for the escrowed funds hereafter described:

Tazewell National Bank
Trust Department
c/o Premier Bankshares Corporation
29 College Drive, P. O. Box 1199
Bluefield, VA 24605-1199
Telephone: (540) 322-2242
Fax: (540) 322-2766

- payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be located or is unknown, then such cash bonus, royalty payment, or other payment shall not be commingled with any funds of the Unit Operator and shall, pursuant to Va. Code Ann. § 45.1-361.21.D, be deposited by the Operator into the Escrow Account, commencing within ninety (90) days of recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of the month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board in accordance with Va. Code Ann. § 45.1-361.21.D.
- 16.2. Escrow Provisions for Conflicting Claimants: If any payment of bonus, royalty payment or other payment due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then

such cash bonus, royalty payment or other payment, together with Participating Operator's Proportionate Costs paid to Operator pursuant to Paragraph 9.1, if any, (1) shall not be commingled with any funds of the Unit Operator; and (2) shall, pursuant to Va. Code Ann. §§ 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4, be deposited by the Operator into the Escrow Account, commencing within ninety (90) days of the recording of this Order, and continuing thereafter on a monthly basis with each deposit to be made, by use of a report format approved by the Inspector, by a date which is no later than sixty (60) days after the last day of each month being reported and/or for which funds are subject to deposit. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or until the Escrow Agent relinquishes such funds as required by law or pursuant to Order of the Board.

- 17. Special Findings: The Board specifically and specially finds:
- 17.1 Applicant is a West Virginia corporation, duly authorized and qualified to transact business in the Commonwealth of Virginia;
- 17.2 Applicant claims ownership of oil and gas and coalbed methane gas leasehold estates representing 99.7975 percent of the Gas estate, and 99.7975 percent of the coal estate with the Subject Drilling Unit.
- 17.3 Applicant is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
- 17.4 Applicant has proposed the drilling of one (1) well, Well No. VC-3673, to a depth of 1,843 feet on the Subject Drilling Unit to develop the Gas in Subject Formations.
- 17.5 Respondents are listed on Exhibit "B". Set forth in Exhibit B is the name and last know address of each person identified by the Applicant as having or claiming an interest in the Coalbed Methane Gas in the Subject Drilling Unit underlying and comprised of Subject Lands, including those Gas Owners or Claimants who have not in writing, leased to the Applicant or agreed to voluntarily pool their Gas interest in Subject Drilling Unit for its development. The Gas Owners or Claimants who have not reached a voluntary agreement to share in the operation of the well represent .2025 percent of the Gas estate and .2025 percent of the coal estate in Subject Drilling Unit.
- 17.6 The estimated production over the life of the proposed well is 300 million cubic feet.
- 17.7 Applicant's evidence established that the fair, reasonable and equitable compensation to be paid to any person in lieu of the right to participate in any well covered hereby are those options provided in paragraph 9 above.
- 17.8 Well Work Permit Number 3443 was issued by the Department of Mines, Minerals and Energy for Well VC-3673 on June 30, 1997.

- The relief requested and granted is just and reasonable, is supported by substantial evidence and will afford each person in the Subject Drilling Unit the opportunity to recover or receive, without unnecessary expense, each person's just and fair share of the production of the Gas from Subject Drilling Unit. granting of the Application and relief requested therein will ensure to the extent possible the greatest ultimate recovery of Gas, prevent or assist in preventing the various types of waste prohibited by statute, and protect or assist in protecting the correlative rights of all persons in the subject common sources of supply in the Subject Lands. Therefore, the Board is entering an Order granting the relief herein set forth.
- Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.
- Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).
- Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
- 21. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court. Such appeals must be taken in the manner prescribed in the Administrative Process Act, Va. Code Ann. § 9-6.14:1 et seq.
- Effective Date: This Order shall be effective on the date of its 22. execution.

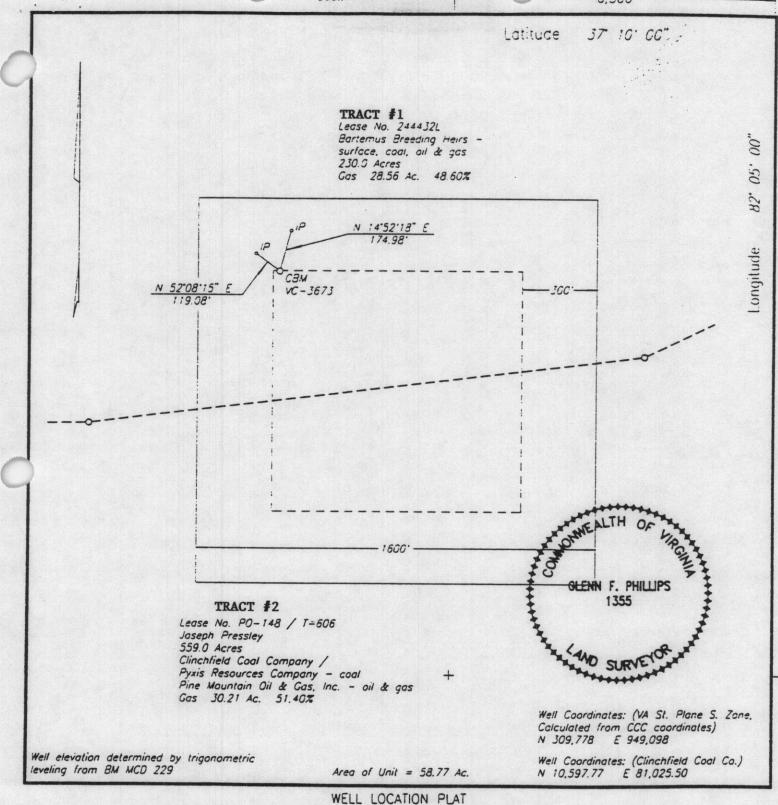
DONE AND EXECUTED this 26 Th day of System a majority of the Virginia Gas and Oil Board/

DONE AND PERFORMED this 26 Th Order of this Board.

> Byron Thomas Fulmer Principal Executive To The Staff Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)
Acknowledged on this 24th day of September, 1997,
personally before me a notary public in and for the Commonwealth of Virginia,
appeared Benny Wampler, being duly sworn did depose and say that he is
Chairman of the Virginia Gas and Oil Board, that he executed the same and was
authorized to do so.
U U W X
Dusen D. Hanell
Susan G. Garrett
Notary Public
My commission expires July 31, 1998
STATE OF VIRGINIA)
COUNTY OF WISE)
2.40 (/ _ 1
Acknowledged on this 26 day of September, 1997,
personally before me a notary public in and for the Commonwealth of Virginia,
appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is
Principal Executive to the Staff of the Wirginia Gas and Oil Board, that he
executed the same and was authorized to do so.
($($ $)$ $($ $)$ $($ $)$
diane. I wain
Diane J. Davis
Notary Public

My commission expires September 30, 2001



COMPANY <u>Equitable Resources Energy Company</u> WELL NAME AND NUMBER <u>VC-3673</u>

TRACT NO. <u>Ls. No. 2444321</u> ELEVATION <u>1774.12</u> QUADRANGLE <u>Vansant</u>

COUNTY <u>Buchanan</u> DISTRICT <u>Hurricane</u> SCALE <u>1" = 400'</u> DATE <u>4-30-1997</u>

This Plat is a new plat \underline{x} ; an updated plat ___; or a final location plat ___

Penotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as snown.

EXHIBIT "B" VC-3673

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
		Gas Estate Only		
1	Ella Ratliff Heirs			
	Dallas Ratliff and	Leased-EREC	0.759400%	0.4463
	Blanche Ratliff, H/W	244432L 18		
	PO Box 11			
	Davenport, VA 24239			
	Ruth McFarlane, widow	Leased-EREC	0.759400%	0.4463
	Erhart Road	244432L 22		
	Richmond, VA 23225			
	Rissie Ottaway, widow	Leased-EREC	0.759400%	0.4463
	2307 Carolina Avenue	244432L 50		
	Roanoke, VA 24014			
	Blanche Rasnake, widow	Leased-EREC	0.759400%	0.4463
	PO Box 19	244432L 48		
	Oakwood, VA 24631			
	Arlene Lambert and	Leased-EREC	0.759400%	0.4463
	James Elmer Lambert, W/H	244432L 27		
	467 Ferry Road			
	Fredricksburg, VA 22405			
	Henry Ratliff Heirs			
	Elsie Ratliff, widow	Leased-EREC	0.759400%	0.4463
	Route 1, Box 227	244432L 26		
	Vansant, VA 24656			
	Quinten Ratliff Heirs			
	Sandra M. Shankin and	Leased-EREC	0.189800%	0.1116
	Kenneth Shankin, W/H	244432L 43		
	19805 Macel			
	Roseville, MI 48066			
	Michael Ratliff, single	Leased-EREC	0.189800%	0.1116
	23270 Doremus	244432L 46		
	St. Clair Shores, MI 48080			

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TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Quenton R. Ratliff and Linda Ratliff, H/W 6636 Old Farm Road Roanoke, VA 24018	Leased-EREC 244432L 23	0.189800%	0.1116
	Robert Ratliff, single 6811 Back Creek Road Boones Mill, VA 25065	Leased-EREC 244432L 28	0.189800%	0.1116
	Paul Ratliff Heirs Bobbie Ratliff, widow Route 1, Box 366 Vansant, VA 24656	Leased-EREC 244432L 21	0.253100%	0.1488
	Vernon E. Ratliff and Nancy Karen Ratliff, H/W 2480 Township Road, 371 NW Bremen, OH 43107	Leased-EREC 244432L 32	0.072300%	0.0425
	Avis L. Ratliff and Janet L. Ratliff, H/W HC 4, Box 580 Council, VA 24260	Leased-EREC 244432L 45	0.072300%	0.0425
	Judy Tedesco, single PO Box 1150 Lebanon, VA 24266	Leased-EREC 244432L 47	0.072300%	0.0425
	Lois Hubbard and Steve M. Hubbard, W/H PO Box 1498 Honaker, VA 24260	Leased-EREC 244432L 33	0.072300%	0.0425
	Gail Rasnake and David Rasnake, W/H Route 1, Box 366 Vansant, VA 24656	Leased-EREC 244432L 30	0.072300%	0.0425
	Martin E. Ratliff and Beverly Ratliff, H/W HC4, Box 445 Council, VA 24260	Leased-EREC 244432L 44	0.072300%	0.0425

EXHIBIT "B" VC-3673

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Rocky Ratliff, single Route 1, Box 366 Vansant, VA 24656	Leased-EREC 244432L 49	0.072300%	0.0425
	Harmon Breeding Heirs Harriet Owens and Harlis Owens, W/H PO Box 13 Davenport, VA 24239	Leased-EREC 244432L 40	1.012500%	0.5950
	Annette Compton and Buster Bill Compton, W/H 14311 Aden Road Nokesville, VA 22123	Leased-EREC 244432L 42	1.012500%	0.5950
	Ransome Breeding, married PO Box 14 Davenport, VA 24239	Leased-EREC 244432L 39	1.012500%	0.5950
	Benny H. Breeding and Charlotte Breeding, H/W PO Box 2151 Pulaski, VA 24301	Leased-EREC 244432L 20	1.012500%	0.5950
	Scarlett Breeding Alt and John Alt, W/H 81 Bay Drive Annapolis, MD 21403	Leased-EREC 244432L 54	1.012500%	0.5950
	Joy Brown and Roy Brown, W/H 907 2nd Street Tulurosa, NM 88352	Leased-EREC 244432L 53	1.012500%	0.5950
	Fannie J. Vandyke and J.R. Vandyke, W/H 7813 Old Tarlton Pike Circleville, OH 43113	Leased-EREC 244432L 16	6.075000%	3.5700
	Louisa Breeding Keen Heirs Joe Perkins, married Route 2, Box 381 Honaker, VA 24260	Leased-EREC 244432L 38		0.0000

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TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Jackie Perkins and Joyce Perkins, H/W Route 1, Box 128 Vansant, VA 24656	Leased-EREC 244432L 37	0.248000%	0.1457
	Jerry D. Perkins and Betty Perkins, H/W Route 1, Box 421 Vansant, VA 24656	Leased-EREC 244432L 36	0.248000%	0.1457
	Grayson R. Perkins and Shirley Perkins, H/W Route 1, Box 106 Vansant, VA 24656	Leased-EREC 244432L 9	0.248000%	0.1457
	Clayton K. Perkins and Ann Perkins, H/W Route 1, Box 104 Vansant, VA 24656	Leased-EREC 244432L 13	0.248000%	0.1456
	Audrey P. Harris and Kenneth Harris, W/H Route 1, Box 334 Cedar Bluff, VA 24609	Leased-EREC 244432L 12	0.248000%	0.1456
	Jo Ann Compton and Johnny Compton, W/H 5403 Waycross Drive Alexandria, VA 22310	Leased-EREC 244432L 35	0.248000%	0.1456
	Peggy E. Cox and Danny Cox, W/H 525 Wright Road Kernersville, NC 27284	Leased-EREC 244432L 34	0.248000%	0.1456
	Sharleen Presley, widow 9700 Brandywine Avenue Richmond, VA 23237	Leased-EREC 244432L 03	1.735700%	1.0200
	David Keen and Dorothy Keen, H/W PO Box 315 Davenport, VA 24239	Leased-EREC 244432L 17	1.735700%	1.0200

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TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Eunice Ray, widow PO Box 596 Grundy, VA 24614	Leased-EREC 244432L 14	1.735700%	1.0200
	Kenneth Keen and Yvonne Keen, H/W 1532 9th Street Cuyahoga Falls, OH 44221	Leased-EREC 244432L 08	1.735700%	1.0200
	Oakley Lockhart Heirs Betty J. Tyson 57 Sawmill Road Columbia, VA 23038	Leased-EREC 244432L 07	0.867900%	0.5100
	Larry Lockhart Address Unknown	Leased-EREC 244432L 07	0.867900%	0.5100
	Geneva Presley and Marshall Presley, W/H 1215 W. Collinns Flatwoods, KY 41139	Leased-EREC 244432L 11	1.735700%	1.0200
	Ella Sabol, single 9700 Brandywine Avenue Richmond, VA 23237	Leased-EREC 244432L 10	1.735700%	1.0200
	Marie Eck and Stanley Eck, W/H 506 Granite Avenue Richmond, VA 23226	Leased-EREC 244432L 04	1.735700%	1.0200
	Arville Keen and Bernice Keen, H/W 103 Wilson Street Dunfries, VA 22026	Leased-EREC 244432L 06	1.735700%	1.0200
	Lena Keen, widow 121 Timber Oak Drive Bristol, VA 24201	Leased-EREC 244432L 02	1.735700%	1.0200
	James H. Keen and Carmie Keen, H/W 2000 Kathy Drive Fairborn, OH 45324	Leased-EREC 244432L 01	1.735700%	1.0200

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TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Willie Kyle Keen and Helen Peggy Keen, H/W 14128 Randall Drive Woodbridge, VA 22194	Leased-EREC 244432L 05	1.735700%	1.0200
	Edna Owens, widow PO Box 609 Vansant, VA 24656	Leased-EREC 244432L 15	1.735700%	1.0200
	Genora Presley Heirs Matawaska Presley and Clara Sutherland Presley, H/W Route 1, Box 190 Vansant, VA 24656	Leased-EREC 244432L 41	1.012500%	0.5950
	Juanita Presley Tiller and Theodore Tiller, W/H 50 East Ginghamsburg Road Tipp City, OH 45371	Leased-EREC 244432L 31	1.012500%	0.5950
	Draper P. Street, single PO Box 81 Doran, VA 24612	Leased-EREC 244432L 24	1.012500%	0.5950
	llene P. Compton, widow HC 4, Box 928 Council, VA 24260	Leased-EREC 244432L 25	1.012500%	0.5950
	Howell Presley and Gola Presley, H/W Route 1, Box 201 Vansant, VA 24656	Leased-EREC 244432L 19	1.012500%	0.5950
	Aeolus Presley Lockhart Heirs Wienthal Lockhart and Linda B. Lockhart, H/W PO Box 175 Davenport, VA 24239	Leased-EREC 244432L 52	0.202500%	0.1190
	Hazel Boyd, single PO Box 102 Davenport, VA 24239	Leased-EREC 244432L 51	0.202500%	0.1190

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TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Temple Gilbert and Garnell Gilbert, W/H Route 1, Box 192 Vansant, VA 24656	Leased-EREC 244432L 29	0.202500%	0.1190
	Reva Bedwell and Glen Bedwell, W/H PO Box 1061 Goochland, VA 23063	Unleased	0.202500%	0.1190
	Marla Jackson and Billy J. Jackson, W/H Route 2, Box 642 Pounding Mill, VA 24637	Leased-EREC 244432L 55	0.202500%	0.1190
2	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 241490L 01 Tract T-265	51.400000%	30.2100
	TOTAL GAS ESTATE		100.000000%	58.7700
	Percentage of Unit Leased Percentage of Unit Unleased		99.797500% 0.202500%	
	Acreage in Unit Leased Acreage in Unit Unleased			58.6510 0.1190

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Revised 8/6/97

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
		Coal Estate Only		
1	Ella Ratliff Heirs			
	Dallas Ratliff and Blanche Ratliff, H/W PO Box 11 Davenport, VA 24239	Leased-EREC 244432L 18	0.759400%	0.4463
	Ruth McFarlane, widow Erhart Road Richmond, VA 23225	Leased-EREC 244432L 22	0.759400%	0.4463
	Rissie Ottaway, widow 2307 Carolina Avenue Roanoke, VA 24014	Leased-EREC 244432L 50	0.759400%	0.4463
	Blanche Rasnake, widow PO Box 19 Oakwood, VA 24631	Leased-EREC 244432L 48	0.759400%	0.4463
	Arlene Lambert and James Elmer Lambert, W/H 467 Ferry Road Fredricksburg, VA 22405	Leased-EREC 244432L 27	0.759400%	0.4463
	Henry Ratliff Heirs Elsie Ratliff, widow Route 1, Box 227 Vansant, VA 24656	Leased-EREC 244432L 26	0.759400%	0.4463
	Quinten Ratliff Heirs Sandra M. Shankin and Kenneth Shankin, W/H 19805 Macel Roseville, MI 48066	Leased-EREC 244432L 43	0.189800%	0.1116
	Michael Ratliff, single 23270 Doremus St. Clair Shores, MI 48080	Leased-EREC 244432L 46	0.189800%	0.1116
	Quenton R. Ratliff and Linda Ratliff, H/W 6636 Old Farm Road Roanoke, VA 24018	Leased-EREC 244432L 23	0.189800%	0.1116

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TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Robert Ratliff, single 6811 Back Creek Road Boones Mill, VA 25065	Leased-EREC 244432L 28	0.189800%	0.1116
	Paul Ratliff Heirs Bobbie Ratliff, widow Route 1, Box 366 Vansant, VA 24656	Leased-EREC 244432L 21	0.253100%	0.1488
	Vernon E. Ratliff and Nancy Karen Ratliff, H/W 2480 Township Road, 371 NW Bremen, OH 43107	Leased-EREC 244432L 32	0.072300%	0.0425
	Avis L. Ratliff and Janet L. Ratliff, H/W HC 4, Box 580 Council, VA 24260	Leased-EREC 244432L 45	0.072300%	0.0425
	Judy Tedesco, single PO Box 1150 Lebanon, VA 24266	Leased-EREC 244432L 47	0.072300%	0.0425
	Lois Hubbard and Steve M. Hubbard, W/H PO Box 1498 Honaker, VA 24260	Leased-EREC 244432L 33	0.072300%	0.0425
	Gail Rasnake and David Rasnake, W/H Route 1, Box 366 Vansant, VA 24656	Leased-EREC 244432L 30	0.072300%	0.0425
	Martin E. Ratliff and Beverly Ratliff, H/W HC4, Box 445 Council, VA 24260	Leased-EREC 244432L 44	0.072300%	0.0425
	Rocky Ratliff, single Route 1, Box 366 Vansant, VA 24656	Leased-EREC 244432L 49	0.072300%	0.0425

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VC-3673

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Harmon Breeding Heirs Harriet Owens and Harlis Owens, W/H PO Box 13	Leased-EREC 244432L 40	1.012500%	0.5950
	Annette Compton and Buster Bill Compton, W/H	Leased-EREC 244432L 42	1.012500%	0.5950
	14311 Aden Road Nokesville, VA 22123	244402L 42		
	Ransome Breeding, married PO Box 14 Davenport, VA 24239	Leased-EREC 244432L 39	1.012500%	0.5950
	Benny H. Breeding and Charlotte Breeding, H/W PO Box 2151 Pulaski, VA 24301	Leased-EREC 244432L 20	1.012500%	0.5950
	Scarlett Breeding Alt and John Alt, W/H 81 Bay Drive Annapolis, MD 21403	Leased-EREC 244432L 54	1.012500%	0.5950
	Joy Brown and Roy Brown, W/H 907 2nd Street Tulurosa, NM 88352	Leased-EREC 244432L 53	1.012500%	0.5950
	Fannie J. Vandyke and J.R. Vandyke, W/H 7813 Old Tarlton Pike Circleville, OH 43113	Leased-EREC 244432L 16	6.075000%	3.5700
	Louisa Breeding Keen Heirs Joe Perkins, married Route 2, Box 381 Honaker, VA 24260	Leased-EREC 244432L 38		0.0000
	Jackie Perkins and Joyce Perkins, H/W Route 1, Box 128 Vansant, VA 24656	Leased-EREC 244432L 37	0.248000%	0.1457

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TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
Bet Ro	ry D. Perkins and tty Perkins, H/W ute 1, Box 421 nsant, VA 24656	Leased-EREC 244432L 36	0.248000%	0.1457
Shi Ro	ayson R. Perkins and rley Perkins, H/W ute 1, Box 106 nsant, VA 24656	Leased-EREC 244432L 9	0.248000%	0.1457
Ani Ro	nyton K. Perkins and In Perkins, H/W ute 1, Box 104 Insant, VA 24656	Leased-EREC 244432L 13	0.248000%	0.1456
Kei Ro	drey P. Harris and nneth Harris, W/H ute 1, Box 334 dar Bluff, VA 24609	Leased-EREC 244432L 12	0.248000%	0.1456
Joh 540	Ann Compton and nnny Compton, W/H 03 Waycross Drive exandria, VA 22310	Leased-EREC 244432L 35	0.248000%	0.1456
Da 525	ggy E. Cox and nny Cox, W/H 5 Wright Road mersville, NC 27284	Leased-EREC 244432L 34	0.248000%	0.1456
970	arleen Presley, widow 00 Brandywine Avenue chmond, VA 23237	Leased-EREC 244432L 03	1.735700%	1.0200
Do PO	vid Keen and rothy Keen, H/W Box 315 venport, VA 24239	Leased-EREC 244432L 17	1.735700%	1.0200
PO	nice Ray, widow Box 596 undy, VA 24614	Leased-EREC 244432L 14	1.735700%	1.0200

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TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Kenneth Keen and Yvonne Keen, H/W 1532 9th Street Cuyahoga Falls, OH 44221	Leased-EREC 244432L 08	1.735700%	1.0200
	Oakley Lockhart Heirs			
	Betty J. Tyson	Leased-EREC	0.867900%	0.5100
	57 Sawmill Road Columbia, VA 23038	244432L 07		
	Larry Lockhart Address Unknown	Leased-EREC 244432L 07	0.867900%	0.5100
	Geneva Presley and Marshall Presley, W/H 1215 W. Collinns Flatwoods, KY 41139	Leased-EREC 244432L 11	1.735700%	1.0200
	Ella Sabol, single 9700 Brandywine Avenue Richmond, VA 23237	Leased-EREC 244432L 10	1.735700%	1.0200
	Marie Eck and Stanley Eck, W/H 506 Granite Avenue Richmond, VA 23226	Leased-EREC 244432L 04	1.735700%	1.0200
	Arville Keen and Bernice Keen, H/W 103 Wilson Street Dunfries, VA 22026	Leased-EREC 244432L 06	1.735700%	1.0200
	Lena Keen, widow 121 Timber Oak Drive Bristol, VA 24201	Leased-EREC 244432L 02	1.735700%	1.0200
	James H. Keen and Carmie Keen, H/W 2000 Kathy Drive Fairborn, OH 45324	Leased-EREC 244432L 01	1.735700%	1.0200

EXHIBIT "B" VC-3673

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Willie Kyle Keen and Helen Peggy Keen, H/W 14128 Randall Drive Woodbridge, VA 22194	Leased-EREC 244432L 05	1.735700%	1.0200
	Edna Owens, widow PO Box 609 Vansant, VA 24656	Leased-EREC 244432L 15	1.735700%	1.0200
	Genora Presley Heirs Matawaska Presley and Clara Sutherland Presley, H/W Route 1, Box 190 Vansant, VA 24656	Leased-EREC 244432L 41	1.012500%	0.5950
	Juanita Presley Tiller and Theodore Tiller, W/H 50 East Ginghamsburg Road Tipp City, OH 45371	Leased-EREC 244432L 31	1.012500%	0.5950
	Draper P. Street, single PO Box 81 Doran, VA 24612	Leased-EREC 244432L 24	1.012500%	0.5950
	llene P. Compton, widow HC 4, Box 928 Council, VA 24260	Leased-EREC 244432L 25	1.012500%	0.5950
	Howell Presley and Gola Presley, H/W Route 1, Box 201 Vansant, VA 24656	Leased-EREC 244432L 19	1.012500%	0.5950
	Aeolus Presley Lockhart Heirs Wienthal Lockhart and Linda B. Lockhart, H/W PO Box 175 Davenport, VA 24239	Leased-EREC 244432L 52	0.202500%	0.1190
	Hazel Boyd, single PO Box 102 Davenport, VA 24239	Leased-EREC 244432L 51	0.202500%	0.1190

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VC-3673

Revised 8/6/97

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN UNIT	GROSS ACREAGE IN UNIT
	Temple Gilbert and Garnell Gilbert, W/H Route 1, Box 192 Vansant, VA 24656	Leased-EREC 244432L 29	0.202500%	0.1190
	Reva Bedwell and Glen Bedwell, W/H PO Box 1061 Goochland, VA 23063	Unleased	0.202500%	0.1190
	Marla Jackson and Billy J. Jackson, W/H Route 2, Box 642 Pounding Mill, VA 24637	Leased-EREC 244432L 55	0.202500%	0.1190
	Pittston Company c/o Clinchfield Coal Company Attn: Steve Smith P. O. Box 7 Dante, VA 24237	Leased-EREC 241490L 01 Tract T-265	51.400000%	30.2100
	TOTAL COAL ESTATE		100.00000%	58.7700
	Percentage of Unit Leased Percentage of Unit Unleased		99.797500% 0.202500%	
	Acreage in Unit Leased Acreage in Unit Unleased			58.6510 0.1190

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is together with the certificate of acknowledgment agnexed, admitted to record this AO day of COO 19 19 M. Deed Book No. 19 James M. Bevins, Jr., Clerk Returned this date to; Market TESTE: James M. Bevins, Jr., Clerk TESTE: Deputy Clerk